



# Improving Design and Performance of Group Lending: Suggestions from Burkina Faso

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**Summary.** — We summarize lessons learned by a credit program for women in Burkina Faso. Three observations are made regarding program design: (a) high membership turnover means mutual guarantee groups should be smaller and more central to nonrepayment penalties; (b) high turnover in economic activities implies more training in best practices and more variety and experimentation in credit and savings mechanisms; and (c) high degrees of stocking activity suggests the need to develop instruments to mitigate commodity price risk at the individual and program level. Three observations are made regarding program implementation: be more consistent in the treatment of debts of deceased borrowers; become more sensitive to the complexity and variety of procedures followed in the event of nonrepayment; and devote more attention to preventing and mitigating the effects of staff embezzlement.

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## 1. INTRODUCTION

The microcredit boom is finally reaching West Africa. In the past, only pockets of privileged cash-crop producers had access to formal financing. Women were typically excluded from formal finance regardless of their activities. In the last decade, a myriad of microcredit schemes have changed this situation by targeting rural women and petty traders.<sup>1</sup> Table 1 lists the major finance institutions that report statistics to the secretariat of the Microcredit Summit, including the Fédération des Caisses Populaires du Burkina Faso (FCPB), which is the focus of this paper. As of mid-2001, about 40 institutions served approximately 650,000 clients. Table 2 reproduces data from Fruman and Paxton (1998) to give an idea of the rapid growth of four West African microcredit institutions during the 1990s in terms of loans and clients.

The newness of microcredit in West Africa means there are potentially large rewards from

careful attention to issues of program design and implementation. Lessons learned from Asian and Latin American experiences may not be applicable to West Africa. Population densities in West Africa are low, and much of the population is not literate. There is little road and communication infrastructure outside of capital cities. The economy remains agrarian, dependent on the vagaries of the weather. All of these conditions pose formidable challenges

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Table 1. Major credit institutions in West Africa registered with the microcredit summit

Institution	Country	Total clients
Kafo Jiginew	Mali	82,898
United Indigenous Commercial and Petty Traders Association	Sierra Leone	50,000
FAARF	Burkina Faso	48,953
Alliance de Crédit et d'Épargne Pour la Production	Senegal	48,781
FCPB	Burkina Faso	48,247
PAMECAS	Senegal	41,540
Calmeadow/Microstart-Benin	Benin	35,000
Réseau des Caisses d'Épargne et Crédit	Senegal	30,000
Nyésgiso, Union des Caisses D'Épargne et de Crédit	Mali	21,360
Nsoatreman Rural Bank Ltd.	Ghana	16,424
CBDIBA	Benin	14,367
Freedom from Hunger Ghana	Ghana	12,500
IRC, SEAD Project	Côte d'Ivoire	12,000
Federation des ONG du Senegal	Senegal	11,850
Réseau des caisses Rurales d'E. Crédit du Walo	Senegal	11,807
International Christian Revival Ministry	Ghana	10,870
Association pour la promotion et l'Appui au Devt. de Micro-Entreprises	Benin	10,313
Sinapi Aba Trust	Ghana	10,250
Pride/Finance	Guinea	9,738
GIE Guinedou Service d'Appui aux CVECB Pays Dogon	Mali	9,500
JEMENI	Mali	8,819
Programme d'Appui aux Collectivités Décentralisées	Mali	8,780
Projet Caisses Villageoises d'Épargne et de Crédit Autogerees	Mali	8,316
PRIDE	Guinea	8,270
Conseil National Pour la Promotion et le Developpement des Caisses Populaires	Senegal	8,000
Groupement Togolais a'Épargne et de credit	Togo	7,884
Centre d'Appui Nutritionnel et Economique aux Femmes	Mali	7,506
VITA/PRIDE/UCOFIS	Guinea	7,500
Wages	Togo	7,439
FUCEC-Togo	Togo	7,000
Femme Dveloppement Entreprise en Afrique	Senegal	6,949
Agora Consult	Burkina Faso	6,600
CREDO Burkina Faso	Burkina Faso	6,594
Catholic Relief Services Senegal	Senegal	6,327
Reseau CMEC	Côte d'Ivoire	6,151
Association for International Development and Services	Sierra Leone	5,553

Source: Microcredit Summit Secretariat (2001).

Table 2. Statistics from selected credit programs in West Africa

Country	Niger	Benin	Mali	Burkina Faso
Acronym of program	CPEC	FECECAM	CVECA	PPPCR
Year established	1990	1977	1986	1988
Number of clients	5,000	166,000	21,495	10,000
Average loan size outstanding (USD)	151	408	136	59
Average loan/GNP per capita	0.66	1.1	0.54	0.20
Average loan term (months)	5	9	6	6
Growth of loan portfolio	478%	50%	64%	177%

Source: Fruman (1998).

to the sustainability and targeting goals of microcredit institutions.

We use the experience of a microcredit program in Burkina Faso to draw attention to certain aspects of performance, design, and

implementation of microcredit projects. We hope to extract useful lessons for other credit institutions, particularly those in West Africa, that use group lending methodologies. The research is based on two visits to the same pro-

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